



State of Utah

Department of
Natural Resources

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June 23, 2005

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 3349

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Mark Dotson
Western Utah Copper Company
1208 South 200 West
P.O. Box 492
Milford, Utah 84751

Subject: Initial Review of Notice of Intention to Commence Large Mining Operations, Western Utah Copper Company, WUCC – Palladon Copper Mine, M/001/067, Beaver County, Utah

Dear Mr. Dotson:

The Division has completed the review of the Notice of Intention to Commence Large Mining Operations for the WUCC – Palladon Mine, located in Beaver County, Utah, received May 17, 2005. The attached comments need to be addressed before tentative approval may be granted.

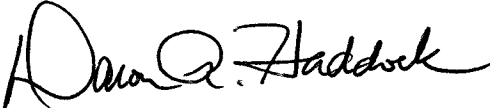
The comments are listed under the applicable Minerals Rule heading; please format your response in a similar fashion. **Please address only those items requested in the attached technical review** by sending replacement pages of the original mining notice using redline and strikeout text, so we can see what changes have been made. After the notice is determined technically complete, we will ask that you send us two clean copies of the complete and corrected plan. Upon final approval of the permit, we will return one copy stamped "approved" for your records. Please provide a response to this review by July 26, 2005.

The Division will suspend further review of the WUCC – Palladon Mine Notice of Intention until your response to this letter is received. If you have any questions in this regard please contact Tom Munson of the Minerals Staff. If you wish to arrange a meeting to discuss this review, please contact us at

Mark Dotson
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your earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,


for Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:TM:jb

Attachment: Review

cc: Ed Ginouves, BLM, Cedar City FO
Linda Mathews, JBR Consultants

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REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

Western Utah Copper Company WUCC – Palladon Mine

M/001/067
June 23, 2005

R647-4-104 - Operator's, Surface and Mineral Ownership

The owners of record of minerals to be mined is shown as "private (fee-WUCC)."

Figures 4 & 5 show that a portion of the Hidden Treasure Mine is located on land where the ownership is noted as BLM.

Does WUCC own the minerals located in these areas? (DJ)

R647-4-105 - Maps, Drawings & Photographs

105.1 Topographic base map, boundaries, pre-act disturbance

Figures 2 & 3 are the only maps in the plan that shows the location of a soil stockpile. Will this be the only soil stockpile that will be used to store the soil material from the entire project area? If this is incorrect please note other soil stockpile locations. (DJ)

105.2 Surface facilities map

An additional drawing should be included (minimum scale 1"=100') that shows the mill building, yard, parking, outbuildings, facilities, fuel tanks, etc. that will located in this area, including the location of all stockpiles. If the milling facility is to be fenced, please show the location of this fence on the mill yard map. (DJ)

The plan includes a drawing of the mill building floor with the location of the flotation tanks, ball mill, mixing tanks, etc.

An additional drawing of sufficient scale to show detail should be included showing components to be used in the milling process, including chemical storage tanks, concentrate, tailings filter presses, conveyor belts, etc. (DJ)

Will there be a maintenance facility be constructed to maintain the trucks and equipment to be used at the site? If a facility is planned, please show the location and include demolition of this facility in the surety estimate. (DJ)

R647-4-106 - Operation Plan

106.2 Type of operations conducted, mining method, processing etc.

The plan states that concentrate will be transported offsite by truck and rail.

Are there plans to place a rail spur into the site? If this is a possibility, the approximate location of this spur should be shown on Figure 1–Project Location and Access Map, the cost for removal should also be included in the surety estimate. (DJ)

The plan indicates that the Hidden Treasure Pit enlargement is shown on Figure 2.

The Figures showing the Hidden Treasure Pit area are Figures 4 & 5. Please correct this reference. (DJ)

The plan indicates that a Conditional Use Permit for the expansion and maintenance of the county roads to be used by WUCC is being applied for from Beaver County.

A copy of this conditional use permit should be a part of the plan. (DJ)

A letter should also be included in the plan stating that a right-of-way agreement will not be needed from the BLM for the widening and use of roads on public lands. (DJ)

106.4 Nature of materials mined, waste and estimated tonnages

The plan states, "annual production is expected to be 438,000 tons and with an average stripping ratio of 3:1, twice the amount of waste rock would be removed".

If the stripping ratio were 3:1, the amount of waste rock produced would be three times the amount of ore being removed. (DJ)

106.5 Existing soil types, location, amount

Please provide information to answer the following questions:

1. Will all of the tailings be covered with at least five feet of waste rock (Section 10.2 of the plan)? If so, no further information about the tailings is required as it relates to vegetation establishment. If tailings could be within about four feet of the surface, information about the chemical nature of the tailings is needed, such as acid/base potential, pH, and electrical conductivity. (PBB)
2. What is the acid/base potential of the waste rock? Since some of the material to be mined contains sulfides, is there a possibility of having acid-generating material in the rooting zone? (PBB)

106.6 Plan for protecting & redepositing soils

This section of the plan states that the alluvium and topsoil at the Hidden Treasure Mine will be mined primarily with loader and haul trucks.

Under Section 106.2 the plan states that the topsoil will be removed typically by Cat 631 scrapers. Please make changes in these sections to provide consistency in the plan. (DJ)

The plan states soils that are to be harvested in the Hidden Treasure area will be stockpiled either near the Hidden Treasure pit or near the OK mine and processing facility.

If the soils are to be stored near the Hidden Treasure pit, please show the location of this stockpile. If this stockpile is to be located near the OK mine and processing facility show this location on the enclosed maps. If this soil storage area is not presently included in the application, the additional area should be added to the total disturbance. (DJ)

If information about the nature of waste rock and tailings indicates there could be problems in reestablishing vegetation, a plan to mitigate those problems will be needed. (PBB)

Please include a plan for establishing temporary vegetation cover on the soil stockpiles, such as a seed mix and commitments to seed only in the fall immediately after surface preparation. The plan should also include commitments to monitor these areas and to reseed them if necessary. (PBB)

109.4 Slope stability, erosion control, air quality, safety

The plan indicates that the 50-55 degree slopes in the present Hidden Treasure pit have remained stable for many years. Therefore the highwalls in the expanded pit will also remain stable at that angle.

What evidence does WUCC have that the rock that forms the present highwall will also be found in the expanded pit highwalls? In order to allow highwalls to remain at angles greater than 45 degrees, long term stability needs to be demonstrated. (DJ)

Will operating beneath a highwall at a 50-55 degree angle be acceptable to MSHA? (DJ)

The plan to reduce the slope on the south side of the Hidden Treasure pit is planned prior to completion of the mining operation.

What is considered a stable angle for this highwall and how will this slope reduction be accomplished? A cost for this activity should be included in the surety estimate. (DJ)

The plan states that an air quality permit has been applied for from the Utah Division of Air Quality.

Please include a copy of this permit in the plan. (DJ)

109.5 Actions to mitigate any impacts

The plan states, "During reclamation a safety berm will be constructed around the pit margins to limit access".

The safety berm will need to be constructed at the initiation of the mining activities at the Hidden Treasure pit. (DJ)

R647-4-110 - Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed

The plan states that soils will be placed on the footprint of the OK West soil stockpile. Unless soils were removed before the stockpile was placed, this area will only require ripping to remove compaction and seeding. Soils being scheduled for this operation could be used to make up the shortfall of soil material on the safety berms at the Hidden Treasure pit. (DJ)

The southwestern edge of the Hidden Treasure pit would be layed back to a safe angle using a D10 dozer.

Please show on one of the enclosed maps where this layback area is located. What will be considered a safe angle for this highwall? The cost of this layback should be included in the surety estimate. (DJ)

The plan states that the West OK soil stockpile will be ripped to a depth of 12" during reclamation.

This area should be ripped to a minimum depth of 24" to remove compaction. (DJ)

110.5 Revegetation planting program

The topsoil surfaces will be scarified with a grader.

Areas where soil has been applied needs to be either ripped using a dozer or moonscaped using a trackhoe. (DJ)

This section indicates that broadcast seeding will be done on all areas scheduled for reclamation. The surety indicates that all seeding will be accomplished using a drill seeder.

Please indicate what method of seeding will be used to accomplish the seeding. (DJ)

Seeding needs to be done in the fall as soon as possible after surface preparation. Please provide commitments to this effect. (PBB)

R647-4-112 – Variance

R647-4-111.7 Highwalls

The plan indicates that a portion of the south highwall will be layed back using a D10 dozer.

If this highwall can be reduced using a dozer, it brings into question the long-term stability of these highwalls. Please explain. (DJ)

In order for the Division to grant a variance to leave highwall angles higher than the permitted 45 degrees, a study would need to be completed to demonstrate that the final highwalls would exhibit long term stability at a 50-55 degree slope. (DJ)

R647-4-111.12 Topsoil Redistribution

A variance is requested for certain areas where topsoil does not exist and where topsoil placement is not feasible or practical. The variance request is justified. (PBB)

R647-4-111.13 Revegetation

The operator requests a variance on meeting revegetation standards and on reseeding for the pit and for the safety berm. The plan does not currently contain enough information to justify these variances; this is discussed further under Section R647-4-106.7 above.

Are these areas devoid of vegetation, or is there some perennial vegetation? (PBB)

If these areas have no vegetation, the Division may be willing to grant a variance from the requirement to establish vegetation, but all areas with unconsolidated material where vegetation could become established need to be seeded. (PBB)

R647-4-113 – Surety

Assignment of the volumes for the dump regrading is unclear. Please assign a dump name to each of the calculations on the cost estimate notes under dump regrading. (DJ)

Figure 4 map indicates that the ultimate height of the Hidden Treasure waste dump will be ~50 feet. The Hidden Treasure Calculation notes indicate a dump height of 21 feet. Please explain. (DJ)

The cost for topsoil replacement at the site is dependent upon the location of the soil stockpile.

If the topsoil has to be hauled from the West OK soil stockpile, additional time or equipment will be needed to place this soil at the Hidden Treasure waste dump. The Division's cost, used for this calculation, for scraper placement of material is based on 2000-foot travel, one way. If travel distances are greater, the cost used for soil placement will need to be adjusted. (DJ)

Under the revegetation segment a cost for drill seeding is shown as the method to be used during reclamation.

The plan indicates that the entire site will be broadcast seeded. Which method of seeding will be used? Because of the roughness of the surface and the rocks that will be present, broadcast seeding method is recommended. (DJ)

Demolition costs shown only accounts for the removal of the mill building.

A cost for the removal of the mill components and demolition of other facilities that will be constructed at the site should be included in the estimate. (DJ)

Mobilization/demobilization costs show a cost of \$2000.

This cost indicates that only one piece of equipment will be used during closure. The cost of \$2000 cost is for the mobilization/demobilization of each piece of equipment to be used during reclamation. A list showing equipment to be required for reclamation should be included in the estimate. (DJ)

The plan states that several support wells will be drilled to support this operation.

The cost of the closure of these wells, removal of pipelines, reclamation access roads and removal of power lines (if needed) will need to be included in the surety estimate. (DJ)

The power line right-of-way states that the power line is to be removed at closure.

A cost for the removal of the power line should be included in the estimate. (DJ)

There is no entry in the surety for the removal of the excess road widths.

Please include the cost for this activity in the estimate.(DJ)

A portion of the highwall slope at the Hidden Treasure pit is to be reduced using a D10 dozer.

The cost of this activity needs to be included in the estimate. (DJ)

106.7 Existing vegetation - species and amount

The basic vegetation information is adequate, but some additional information may be needed for previously disturbed areas. If a reduced revegetation cover standard is being sought for certain areas, the plan needs to give further detail about the existing vegetation on these areas. Which areas are devoid of vegetation? In those areas that are dominated by invader species, how much cover is there from native species and desirable introduced perennial species? **What are the appropriate vegetation cover standards for the various previously disturbed areas?** (PBB)

As an example, the text of the plan says the top of the Hidden Treasure dump surface has revegetated itself with a sparse (but not unlike surrounding cover patterns) cover of rabbitbrush, grass and forbs. Does this mean it has about the same vegetation cover as undisturbed areas (21 percent)? (PBB)

The application says a variance from normal revegetation cover requirements is being requested and refers to Section VIII.. This section could answer some of the Division's questions, but the Division has been unable to find anything with this label. (PBB)

106.8 Depth to groundwater, extent of overburden, geology

Under the geologic section of the plan it is stated "The absence of alteration, as evidenced by abundant, unaltered biotite, demonstrates that the fracturing that accompanied or preceded the alteration associated with the OK ore zone is absent just a short distance from the ore deposit itself. As a result, the permeability of the quartz monzonite beneath the waste rock dumps is almost assuredly low."

Because permeability did not exist at the time of mineralization does not mean that post mineralization faulting, fracturing and shearing did not take place. The assumption that because permeability did not exist at the time of alteration should not be used to assess the conditions, as they exist today. (DJ)

106.9 Location & size of ore, waste, tailings, ponds

The plan states that the tailings from this operation will be stockpiled at the mill briefly then trucked to the top of waste dumps located at the OK Mine. Along with the tailings, waste rock from the OK dumps will be re-deposited in this location as a protective cap over the tailings.....

What is the schedule for the placement of waste material over the tailings? Will this be done as the tailings is placed or at another time? Please give an indication of the plans to keep the tailings material covered. (DJ)

The plan states that the waste dumps where the tailings are placed will be monitored for seepage.

Are there sufficient sulfides contained in the OK mine waste material to create acidic conditions when this seepage is allowed to percolate through these dumps? The geology indicates that sulfides exist in 25% of the material in this area. While this is a low percentage, it may be sufficient to create AMD conditions when these sulfides are

oxidized as a result of the seepage from the tailings. If AMD should appear from these dumps, changes to the plan may be necessary. (DJ)

R647-4-107 - Operation Practices

107.1.14 Posting warning signs

Signs should be posted near the Hidden Treasure pit notifying the public of the blasting protocol that will be followed at the pit. (DJ)

107.1.15 Constructing berms, fences, etc. above highwalls

Berms should be constructed around the highwalls of the Hidden Treasure pit to warn the public of the presence of the pit. (DJ)

107.3 Erosion control & sediment control

Please show the location of diversion around the concentrator on the appropriate figure.(TM)

107.4 Deleterious material safety stored or removed

Does WUCC have a SPCC plan for the chemicals and fuels being stored on the site? (DJ)

The tailings and concentrate being placed in stockpiles at the mill site still have contained moisture.

Are there any plans for surface preparation or containment in these storage areas? (DJ)

R647-4-109 - Impact Assessment

109.1 Impacts to surface & groundwater systems

The plan states that several 8-inch wells will be used to supply process water to the concentrator.(DJ)

Please show the location of all wells and supply any water data associated with these wells, including quality, quantity and depth water that was encountered in these wells that is available. (TM)

The plan does not indicate the areas to be impacted by these well locations, pipeline and power corridors. Please show these locations on maps contained in the plan and include the additional disturbances in the total area of the permit. The surety should include an estimate to reclaim these disturbed areas and the plugging of the wells. (DJ)

The plan indicates that ground water depth at the Hidden Treasure pit is in excess of 700'.

Please indicate the depth of the ground water at the mill site? (DJ)